

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06  
IO-13 OMB-01 TRSE-00 AID-05 COME-00 EB-08 FRB-03  
XMB-02 OPIC-03 LAB-04 SIL-01 /101 W  
-----109622 150737Z/17

R 141652Z MAR 78  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 5050

CONFIDENTIAL LISBON 1898

E.O. 11652: XGDS-1  
TAGS: MARR, EFIN, ECON, PINT, PO  
SUBJECT: FIRST ENCOUNTER WITH MARIO SOARES

SUMMARY: IN MY INITIAL CALL ON PRIME MINISTER SOARES (MARCH 13) I EXPRESSED TO HIM THE IMPORTANCE OF A SPEEDY RENEWAL OF THE LAJES BASE AGREEMENT AND OF AN IMF STANDBY. HE PROMISED THAT ACTION WOULD GO FORWARD ON BOTH MATTERS DURING HIS FORTHCOMING ABSENCE FROM PORTUGAL. END SUMMARY.

1. MY INITIAL CALL ON PRIME MINISTER SOARES WAS NECESSARILY BRIEF (20 MINUTES) BECAUSE HE HAD JUST RETURNED HOURS BEFORE FROM A TRIP TO SWITZERLAND AND FRANCE AND WAS MAKING PREPARATIONS TO DEPART TODAY FOR A TEN-DAY SWING THROUGH LATIN AMERICA. WITH THE INFORMALITY FOR WHICH HE IS KNOWN, SOARES GOT RIGHT DOWN TO BUSINESS. I TOLD HIM THAT MY CONSULTATIONS IN WASHINGTON HAD IMPRESSED UPON ME THE URGENCY OF A SPEEDY CONCLUSION OF THE LAJES BASE AGREEMENT. I SAID THAT WE HAD HAD REPORTS OF RECENT PROGRESS IN THE INTER-MINISTERIAL COMMITTEE WHICH WAS DEALING WITH THE MATTER, BUT I HOPED THAT DURING HIS ABSENCE FROM LISBON ENOUGH FURTHER WORK COULD BE DONE SO THAT THE AGREEMENT COULD BE CONCLUDED SOON AFTER HIS RETURN, PREFERABLY BEFORE THE END OF THIS MONTH. I EMPHASIZED TO HIM THAT THE

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CONCLUSION OF THE AGREEMENT WAS OF SIGNIFICANCE FOR OUR BILATERAL RELATIONS IN THEIR TOTALITY. HE RESPONDED THAT HE WOULD GIVE INSTRUCTIONS THAT THE COMMITTEE SHOULD MOVE AHEAD RAPIDLY.

2. WHEN THE SUBJECT OF PORTUGAL'S ECONOMIC SITUATION CAME UP I TOLD HIM I UNDERSTOOD THAT THE IMF AND THE GOP WERE

STILL IN DISAGREEMENT OVER CERTAIN PARTS OF THE STABILIZATION PROGRAM BUT I HOPED THAT NEGOTIATIONS WOULD BE RESUMED PROMPTLY, INASMUCH AS THE LONGER CONCLUSION OF THE STANDBY WERE DELAYED THE MORE DAMAGE COULD BE DONE TO PORTUGAL'S BALANCE OF PAYMENTS BY CAPITAL FLIGHT, ETC. SOARES SAID THAT THE BUDGET WOULD BE PRESENTED TO THE ASSEMBLY ON MARCH 15 AND THAT THIS WOULD PERMIT THE GOP TO MOVE AHEAD WITH THE IMF NEGOTIATIONS. HE SAID THAT HE WOULD EMPHASIZE TO FINANCE MINISTER CONSTANCIO THE NEED FOR A SPEEDY CONCLUSION OF THE STANDBY.

3. WE BRIEFLY DISCUSSED THE CURRENT POLITICAL SITUATION. SOARES WAS OPTIMISTIC. HE THOUGHT THAT WHILE THE COMMUNISTS WOULD OPPOSE THE PS-CDS MAJORITY SPORADICALLY, THEY WOULD NOT ENGAGE IN ALL-OUT OPPOSITION. HE SAID THAT WHEN HE RETURNED FROM HIS LATIN AMERICAN TRIP WE COULD HAVE A LONGER CHAT ABOUT THE CURRENT SITUATION IN PORTUGAL AND THE FUTURE.

BLOOMFIELD

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## Message Attributes

**Automatic Decaptoning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MINISTERIAL MEETINGS, NEGOTIATIONS, MILITARY BASE AGREEMENTS  
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**Decapton Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Secure:** OPEN  
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**Subject:** FIRST ENCOUNTER WITH MARIO SOARES SUMMARY: IN MY INITIAL CALL ON PRIME MINISTER SOARES (MARCH 13) I  
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**TAGS:** MARR, EFIN, ECON, PINT, PO, (SOARES, MARIO), (BLOOMFIELD, RICHARD J)  
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